



TO: Jane Smilie
Steve Seninger

FROM: Donna Spencer
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DATE: December 23, 2005

RE: Montana Employer Survey

The purpose of this memo is to summarize the decisions made by Montana State Planning Grant participants regarding the wording of new questionnaire items to be incorporated into the 2006 Montana Employer Survey. Key participants in the Employer Survey planning group included Maggie Bullock, Steve Seninger and John Baldrige (both at the University of Montana), Erin McGowan Fincham (MT State Auditor's Office (SAO)), and Lynn Blewett and Donna Spencer (both with SHADAC). The new survey questions concern House Bill 667, which is being administered by the SAO and provides funding for a small business health insurance pool including

- premium incentive payments to eligible small employers who do not currently offer health insurance coverage to their employees,
- premium assistance payments to eligible employees of small businesses eligible for the premium incentives, and
- tax credits to eligible small employers that currently provide health coverage to their employees.

The new Employer Survey will replicate and build on the 2003 Employer Survey, a telephone survey of a random sample of employers designed to assess the availability and affordability of employer-based health insurance and the factors associated with employers' ability to offer such insurance.

It is important to note that the 2006 Employer Survey is not the only opportunity for obtaining data about and for the new small business program outlined above. Other opportunities include future administrations of the Montana BRFSS, the Department of Labor and Industry survey, and program administration data. Taking into consideration the limited space available for new items within the Employer Survey, concerns about employer respondent burden, and that information gaps may be addressed through other means as well, the planning group initiated and discussed the following five priority topic areas for inclusion in the next Employer Survey¹:

¹ In addition to the topics listed here, the group discussed *small business program enrollment status* as a possible topic. Anticipating that some analyses may be of interest by HB 667 enrollment status, we considered whether an employer respondent has already applied for tax credits or premium incentives would be a necessary item to add to the survey. The group decided this was not the case because SAO enrollment information may be merged with the survey's sampling frame information to identify program applicants to date.

1. *Employer HB 667 eligibility.* Both the tax credit and premium incentive/assistance components of the program require that a business has 2-5 full-time employees and that no full-time employee (working 20 hours or more per week and excluding the owner) earns more than \$75,000 annually. The tax credit applies to such small businesses that currently provide (in full or part) health insurance coverage to employees, whereas the premium incentive/assistance component requires that the employer has not offered employee health insurance in the past 24 months.

The planning group discussed that the existing version of the Employer Survey already includes questions about whether an employer currently offers employee health insurance coverage as well as the length of time an employer has not provided such insurance, if applicable. Further, Steve Seninger and John Baldridge reported that background sampling information includes the size of the sampled employers (i.e., their number of employees). Therefore, the group determined that the only eligibility criterion not addressed by the sampling frame information or survey instrument is the maximum salary of employees.

2. *Employer/employee characteristics relevant to HB 667 tax credit benefit levels.* The amount of tax credits available to small businesses as part of HB 667 is dependent on the average age of a business' employees (employers with employees averaging 45 years in age or older receive higher credits) as well as on whether the business covers just employee premiums or also premiums for employees' spouses and dependents (separate credits are available for employee, spouse and dependent premiums). Erin McGowan Fincham, who is involved in the administration of HB 667, suggested that the age factor is not critical because the split in credits by employee age is not that significant. However, the group did discuss the value of adding a survey item to ask employers about dependent coverage.
3. *Affordable health insurance contribution levels of employers and employees.* This topic was one of two priority information needs identified specifically by Erin McGowan Fincham. Focusing on the fact that the survey is intended for employers and not employees and on the concern that employers may not be the best judge of what an employee can afford, the group decided to only ask what employers themselves can afford for employee health insurance coverage.
4. *Employer awareness of new program.* The group discussed interest in knowing whether small sample members have heard of HB 667 programs to gauge program awareness among businesses.
5. *Likelihood of employer participating in new program.* This was the second priority information need initiated by Erin McGowan Fincham. Although Steve Seninger and John Baldridge expressed concern about the quality of contingent evaluation items (that intention is not necessarily a good measure of ultimate behavior), the group decided, despite these limitations, to incorporate an item so that interest in the program can be at least somewhat assessed.

In summary, the group prioritized five items for inclusion in the 2006 Employer Survey:

1. the highest salary an employee earns (the only eligibility criterion not otherwise accessible through the sampling information or current survey instrument),
2. whether an employer covers (in full or part) spouse and dependent premiums,
3. feasible contribution levels of employers,
4. employer program awareness, and
5. likely program enrollment by employer.

SHADAC staff provided examples of items related to these five issues from employer surveys conducted by a select set of other states (see Table 1 at the end of this memo).

Finally, Steve Seninger and John Baldrige drafted questions to address the prioritized issues. The group reviewed these questions during our last conference call (December 12, 2005) and offered minor wording suggestions. The drafted questions and discussed revisions are presented in Table 2.

Although we recognize that, due to space and burden concerns, it is necessary to limit the new survey questions to the four presented in Table 2, we conclude with additional program awareness and enrollment likelihood questions for consideration in future survey administrations. Specifically, in addition to inquiring about employer awareness of the program as a whole, separate questions could be asked to gauge awareness of the three individual program components. Further, for businesses that express *not* being likely to participate in the program, questions could be added to assess reasons for their lack of interest. Answers to both of these sets of questions would yield helpful information for program administrators about possible approaches to improve program awareness and participation. Example questions are presented below.

Program Awareness

Effective January 1, 2006, the state of Montana has a new small business health insurance program.

- *Have you heard about this program? (yes, no, don't know)*
- *Did you know that this program provides premium incentives and membership in a purchasing pool to eligible small businesses that currently do not offer health insurance coverage to their employees?*
- *Did you know that this program provides premium assistance to eligible workers employed at businesses that currently do not provide employee health insurance coverage?*
- *Did you know that this program provides tax credits to eligible small businesses that already offer health insurance coverage to their employees?*

Reasons for Not Applying to/Enrolling in Program

(Adapted from the Massachusetts employer survey) *Following is a list of reasons why an organization may not participate in the Montana small business health insurance pool. For each reason listed, please answer how important each would be in your organization's decision not to participate:*

Application process too complicated
Administration of program too complicated
Employer benefits not enough
Negative stigma for employers
Etc.

(response options for each = very likely, somewhat likely, somewhat unlikely, very unlikely, don't know)

Note: This question and list could also be tailored separately to those businesses to which the tax credits would apply and to those to which the premium incentives/pool would apply.

CC: Maggie Bullock, John Baldrige, Erin McGowan Fincham, and Tim Beebe (consultant to SHADAC).

Table 1. Summary of Relevant Questionnaire Items from Employer Surveys Conducted in Select Other States

Priority Items for 2006 Employer Survey	Current Employer Survey	Select State Surveys with Related or Similar Questions (many would require wording adjustments)
1) Highest employee salary (other than owner)	Not included	DE (for employers that offer = item 26, for employers that don't = item 24) ID (item 5) MA (item A5) MI (item A9) SC (item 7) TN (items 5, 6) TX (item 7)
2) Dependent coverage a) Spouse health insurance coverage offered by employer	Not addressed explicitly (see D6, D7)	MA (item B11) TN (items 21a, b) TX (items 53, 54)
b) Dependent health insurance coverage offered by employer	Not addressed explicitly (see D6, D7)	AK (item 5) DE (for employers that offer = item 9) ID (item 27) MA (items B11d, B12a, b) MI (item B1) SC (items 30, 31) TN (items 21c, d) TX (items 55, 56)
3) Feasible contribution levels for employers	Not included	DE (for employers that don't offer=items 10, 12) ID (items 24, 31) MI (item C7) SC (items 15, 20, 21) TN (item 37) TX (items 18, 40)
4) Employer program awareness	Not included	MA (item D5) RI (items C2, I6) SC (items 16-18) TX (items 35, 36, 37)
5) Likely program enrollment by employer	Not included	DE (for employers that don't offer = items 11, 12) MA (items D6a-e, D7) SC (item 38) TN (items 35, 36, 38) TX (items 64-74)

Table 2. Summary of Drafted Questions and Revisions Discussed by Planning Group

Topic	Drafted Question	Revisions
Highest employee salary	“Excluding the owner, is any employee who works for your company <u>currently</u> paid more than \$75,000 per year by your company?” (yes, no, don’t know)	Provide definition for “currently paid” as being gross annual wages. Reword “employee” to clarify: “employees who work at least 20 hours per week.”
Dependent coverage	“Does your company pay any portion of the premium for an employee’s family members? Family members may include the employee’s spouse, partner, children, or other dependent family members.” (yes, no, don’t know)	No revisions. Note: “Dependent” in SB 667 seems to refer to just spouse and children, so alternatively, the question could be reworded to focus simply on an employee’s spouse or children.
Feasible contribution levels for employers	Not applicable	After further consideration, Steve Seninger and John Baldridge expressed concerns about the quality of information that a new item would capture and suggested that the current survey adequately covers the issue of affordable premiums for employers. The survey currently asks whether high premium costs are a reason for lack of insurance (A2, A3); what the employer’s current premium contribution is (D4, D5, D7, D8); as well as the % increase in the total insurance premium paid by employer between 2004-2005 (p14).
Employer program awareness	“Have you heard about the State of Montana program that provides tax credits to small businesses <u>already offering</u> health care coverage OR provides a monthly incentive and membership in a purchasing pool to small businesses that currently <u>are not offering</u> coverage?” (yes, no, don’t know) (to be asked of all companies)	To reduce wordiness, discussed whether to tailor these questions (and the two separate program pieces) based on whether employer offers insurance; decided to keep both components in for both questions. Discussed whether to add the <i>employee</i> premium assistance component of the program to these questions; decided it was not likely critical to employers’ awareness but is relevant to employers’ likely enrollment. Decided to augment program enrollment question.
Likely program enrollment by employer	“How likely would your company be, if at all, to participate in a state of Montana program that provides tax credits to small businesses <u>already offering</u> health care coverage or provides a monthly incentive and membership in a purchasing pool to businesses that currently <u>are not offering</u> coverage?” (very likely, somewhat likely, somewhat unlikely, very unlikely, don’t know) (to be asked of small companies)	To reduce respondent burden, discussed including a skip pattern around these questions for respondents who we know already applied to the program. Note: An alternative to further simplify these items is to introduce the new program in full (e.g., in a transition statement) and then ask “have you heard of this program?” and “how likely would your company be to participate in the program?”